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In response to David's note, I've tried to think of some historical perspective that might inform our projections:

1. As long as we have multi-year subscriptions, we'll never average the full subscription price per sub (some people subscribe for one year @ $20, some for two years @ $35 = $17.50 per year, etc.). It *could* be a little over the average during any one year if a lot of people bought multi-year subs, but then revenue per subscriber would be even lower the next year, when those people didn't have to renew.

   In the long run, though, the average revenue per subscriber will be less than the subscription price.

2. In 1995, with a sub price of $20 and an average over the year of 17,165 subscribers, our revenue was $313,000. That averages $18.25 per subscriber (about 90% of $20).

3. 90% of $24, the figure David is using for projections, is about $22. By my arithmetic, David's total ($363,000) is 16,500 x $22. So it's a good projection if we're confident about the 16,500.

4. I don't know what number Meg gave David for current circulation. If it's 16,000 then 16,500 over the year is certainly achievable.

   If it's 15,000, then we'd need be up to 18,000 by the end of the year in order to average 16,500 over the year (assuming a steady growth between January and December.

5. If we always lose 25% to attrition, we'd need to pick up 3750 new subs to replace those lost, plus 3000 more in order to reach 18,000 for a total of 6750 new subs needed. If the layoff increases the attrition, then obviously the replacement number is higher.

6. If all those subs were acquired at $30 @new subscription, it looks like we'd need to spend $202,500 on subscription development to get to an average of 16,500. Less than that, of course, if we can get some new subs (e.g., gifts) at less than $30 per.

   None of us knows, of course, whether the layoff will ultimately decrease either renewals or gifts this year. I can imagine some people's reluctance to risk being embarrassed by giving a friend a sub to a magazine that goes bust.

7. I understand reasoning that $24 is the right sub rate to go with a $6 cover price. I *think* subscribers will bear more: $27 (the old rate) or $29 or higher. Some have said they would be willing to pay $35. I also think we could easily offer a discounted introductory subscription, followed by a renewal price that didn't save much over newsstand (e.g. $27 or $28 sub vs. $6.95 cover price). Could we even go higher than newsstand for subs (for instance, $27 vs. $6)? One person I talked to in the spring thought so.

   My intuition is that the newsstand price needs to be driven by the subscriber price rather than the other way around.

   I don't think our historical data will be helpful here. John dropped the cover price from $6.95 to $5.95, but it was at the same time that he signed on with Eastern and dumped the small distributors. Too many potential causes for whatever effects we showed.

8. The other way to think, as we've been discussing, is through memberships (4500 subscribers at $35 rather than $24 = $50,000 more, etc.). I'm sure we'll talking more about that.

That's it for now. Off to see Peter and Danica.

Mike